



Overview of Changes in Version 6 of the BIA

This document provides a list of the key topics that have been approved for changes from Version 5 of the B Impact Assessment to Version 6, scheduled for launch in January 15th, 2019. While this document does not provide an exhaustive list of all changes in V6, it does highlight the most material changes.

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Executive Summary

The key changes for V6 highlighted in this document include:

New Goal Structure

For Version 6 of the B Impact Assessment, B Lab and its Standards Advisory Council have developed a new goal structure intended to make the BIA more consistent, more outcomes aligned, and more clearly articulate how a company performs.

Governance Changes

Notable revisions in the Governance Impact Area of the B Impact Assessment include improved questions about stakeholder engagement and identifying and managing material social and environmental issues, and improved questions around internal governance, ethics, and anti-corruption.

Independent Contractors in the workers section

Starting in Version 6, in certain circumstances where there are substantial working relationships between a company and individuals as independent contractors, those independent contractors will be assessed as workers in the worker section.

Workforce Development IBM

The Workforce Development IBM has been revised to more clearly and appropriately differentiate the degree to which a company's program is designed to actively recruit and support particular chronically underemployed groups.

Other Workers Changes

Other notable revisions in the Workers Impact Area of the B Impact Assessment include new and wider coverage of the topic of paying a living wage, worker voice, and a re-orientation of how significantly a company's bonus program in the spirit of distributing financial success with employees.

Diversity, Equity and Inclusion

More detailed questions have been added around inclusive workplace practices and quantitative diversity questions have been disaggregated to create a more detailed, consistent, and globally relevant set of Diversity, Equity, and Inclusion performance metrics.

Local Economic Development IBM

The Local Economic Development model has been restructured to clarify which companies the model applies to and to be more aligned with other Impact Business Models featured in the B Impact Assessment. Companies wishing to earn the model must be (1) locally and independently owned, (2) have a written policy commitment focused on local development that includes either purchasing from local suppliers or serving local customers.

Executive Summary

Other Community Changes

Other notable revisions in the Community Impact Area of the B Impact Assessment include the addition of “Community Investments,” more nuance in measuring quality job creation and supporting low income areas, and financial relationship with suppliers.

Supply Chain Environmental Impact

A broader life cycle approach has been adopted to questions about managing the environmental impact of a company’s supply chain, with new elements of environmental impact like biodiversity explicitly included

Environmentally Innovative Process IBM

The Environmentally Innovative Process Impact Business Models (for Manufacturing, Wholesale / Retail, and Agriculture) has been restructured to clarify which companies the model applies to and to be more aligned with other Impact Business Models featured in the B Impact Assessment. Companies wishing to earn the model must be (1) having an environmental management system to track and verify their environmental performance, (2) having identified the material environmental impact of their industries practices, and (3) substantively reduced the environmental impact of their material issues through a process.

Resource Conservation IBM

For the first time the Resource Conservation IBM will explicitly capture products that are designed to be “GHG minimizing” products along with energy efficient and other environmentally efficient products.

Other Environment Changes

Other notable revisions in the Environment Impact Area of the B Impact Assessment include featuring renewable energy in general, not just low impact renewable energy, as well as more specific questions for companies who sell products about how they manage the environmental impact of packaging.

Customer Stewardship

As part of the B Impact Assessment’s new structure, a new goal focusing on Customer Stewardship has been added to the Customers Impact Area.

Impact Improvement IBM

Further distinction has been made in the Impact Improvement Impact Business Model to distinguish between companies whose services provide cultural / engagement improvements in a workplace compared to specific operational improvements, comprehensive impact improvements, and transformational (e.g. impact business model) impact improvements for an organization.

Executive Summary

Impact Business Models Specific Impact Measurement, Management and Outcomes

In collaboration with the Impact Management Project, more nuanced questions have been incorporated as follow up questions in each into Impact Business Models to evaluate how a company is managing the impacts of their business model .

Adjustments to Practices and Output Questions to be More Tailored for Small and Large Companies

Adjustments have been made in the number of questions to improve and make more meaningful the assessment for small companies, as well as to make the assessment more nuanced and aspirational for large companies.

Governance and Management of Social and Environmental Impacts for Multinational and Large Companies

Per feedback from B Lab's Multinational and Public Markets Advisory Council, questions have been strengthened and added to address key practices essential to evaluating the performance of large companies, including stakeholder engagement, addressing material social and environmental issues, tax and government affairs transparency, human rights, and supply chain management.

Deletion, Consolidation and Contingency

In order to improve the experience of users, reduce the total amount of questions a user needs to complete, and provide more comparability across different tracks of the assessment, efforts have been made to remove and consolidate questions where possible without reducing the rigor or comprehensiveness of the assessment.

Services with Operational Environmental Footprint

First introduced in Version 5 of the assessment as the "Services with Significant Environmental Footprint," the "Services with Operational Environmental Footprint" track will now further differentiate between companies whose operational footprints are product based versus facilities based.

Version 6 Scoring of the B Impact Assessment

In conjunction with the new goal structure of the B Impact Assessment, a more accessible and standardized scoring model has been developed, and the 90 point "cap" on points earned from Impact Business Models has been removed.

Overview of V6 Development Process

Since the launch of Version 5, B Lab has gathered feedback from users and stakeholders on how the B Impact Assessment can be improved, and with the support of its Regional Advisory Groups and Standards Advisory Council, developed a draft of Version 6 that has been tested, made available for public comment and approved.

New Goal Structure

For Version 6 of the B Impact Assessment, B Lab and its Standards Advisory Council have developed a new goal structure intended to make the BIA more consistent, more outcomes aligned, and more clearly articulate how a company performs.

B Lab and its Standards Advisory Council identified a few challenges with the V5 structure of “Operations” section of the B Impact Assessment:

Current Goal Structure

Governance	Workers	Community	Environment	Customers
Mission & Engagement	Compensation	Job Creation	Land, Office, Plant	
Governance	Benefits	Diversity	Input	
Ethics	Training & Education	Civic Engagement	Outputs	
Transparency	Job Flexibility	Local	Trans, Dist, & Suppliers	
	Occupational health & safety	Suppliers, Distributors & Product		
	Management & workers communication			
	Worker ownership			
	Human rights & labor policy			

- Goals were not standardized in all tracks of the assessment.** Those goals highlighted above with red circles, for instance, only appeared in some tracks of the assessment. This produced challenges with consistency and comparability.
- Goals were defined by functional areas rather than values or outcomes.** This means there were less insight into the performance of a company and what the BIA was actually trying to measure.
- The number of goals per impact area was imbalanced.** While not as significant a concern as the others, this imbalance Imbalanced numbers of goals created challenges communicating the structure of the BIA and comparable scoring across topics.

New Structure

In order to address these concerns, V6 features a new goal structure that is standardized (equally applies across different types of companies), outcome and value oriented, balanced, and more aligned with other relevant standards like the Sustainable Development Goals and Global Reporting Initiative.

New Goal Structure



While the Operations section of the B Impact Assessment focuses on measuring the social and environmental performance of the company’s day to day operations (and thus applies to all businesses), the B Impact Assessment still features sections that individual companies can opt in to that measures their “Impact Business Models” - whether and how a company may be designed to deliver a specific, material, positive impact to a particular stakeholder group.

Note that, as part of the new goal structure, a new “**Operations**” goal has been added to the “Customers” section. This new goal is a recognition that Customers, as a stakeholder group, ought to be represented in the B Impact Assessment even for companies that do not have a customer focused “Impact Business Model” such as selling vaccinations, educational products, or serving underserved populations.

Governance Changes

Notable revisions in the Governance Impact Area of the B Impact Assessment include improved questions about stakeholder engagement and identifying and managing material social and environmental issues, and improved questions around internal governance, ethics, and anti-corruption.

Stakeholder Engagement and Materiality

While the previous version of the question focused on the methods a company used to conduct stakeholder engagement but did not address the depth or quality of the engagement process, this topic has been revised in V6 to more adequately capture the extent of stakeholder engagement conducted and how it is used¹. Furthermore, the assessment covered whether a company is measuring social or environmental key performance indicators or outcomes, it did not specify or focus on whether the company is measuring indicators or outcomes that are most relevant to measure. Both of these topics have been revised and included in more tracks of the assessment.

Stakeholder Engagement

Has your company done any of the following to engage stakeholders about your social and environmental performance?

- We have an advisory board that includes stakeholder representation.
- We have a formal stakeholder engagement plan or policy that includes identification of relevant stakeholder groups
- We have created mechanisms to identify and engage traditionally underrepresented stakeholder groups or demographics
- We have formal and regular processes in place to gather information from stakeholders (focus groups, surveys, community meetings, etc.)
- We have formal procedures to address results from stakeholder engagement, with a designated individual or team responsible for appropriate follow ups
- We report the results of stakeholder engagement on social and environmental performance to the highest level of oversight in the company, such as the Board
- We publicly report on stakeholder engagement mechanisms and results
- Other
- None of the above

¹As part of the recommendations from the Multinationals & Public Market Advisory Council (MPMAC) work, more new detailed questions have been proposed specifically for multinationals on topics related to conducting materiality assessments, stakeholder engagement, and managing and overseeing those material issues. The questions featured here apply more broadly to businesses of all sizes.

Management of Material Social and Environmental Issues (for companies from 10+ workers)

How does your company identify, measure, and manage the most material social and environmental issues relevant to your operations and business model?

- We track impact metrics that we've chosen based on company mission or executive decision
- We have conducted a materiality assessment of our company using stakeholder engagement mechanisms or research
- We have identified and measure metrics based on the results of the materiality assessment we conducted for the company
- We have set performance targets for all identified material issues and measurements
- We measure the material social and environmental outcomes produced by our performance on our KPIs over time
- None of the above

Internal Governance

Recognizing that, particularly for small businesses, good governance can entail internal practices as well as external oversight like an independent board of directors, new questions have been developed for small companies that specifically identify best practices for internal governance.

Internal Good Governance

How does your company support internal management and good governance?

- We have a formal organizational chart outlining the management and reporting structure of the company
- We have written job descriptions for all employees outlining responsibilities and decision-making authority
- We have management team meetings to plan strategy or make operational decisions
- Other - please describe
- None of the above

Ethics and Anti-corruption Practices

Revisions have been made to questions regarding ethics and anti-corruption practices and monitoring, in order to both more clearly articulate best practices and to include the question in more tracks of the assessment.

Ethics Policies and Practices

What practices does your company have in place to promote ethical decision-making and prevent corruption?

- A written Code of Ethics
- A written whistleblower policy
- We have created internal financial controls
- We have conducted an ethics-focused risk assessment in the last two years
- Other - please describe
- None of the above

Monitoring Ethics and Corruption

Does your company do any of the following with regard to monitoring and reporting on your anti-corruption programme?

- None of the above
- Responsibility for the monitoring has been clearly assigned and resources have been made available
- Mechanisms are in place for continuous monitoring (internal employee self-evaluations, automated controls monitoring).
- The management of the company (e.g. Board of Directors, Audit Committee) review the results of internal and external reviews and ensure that required changes are implemented in an appropriate and prompt manner.
- External independent assurance is conducted to provide further security to management and stakeholders regarding the effectiveness of the anti-corruption programme.
- Regular reporting announcements about the program are made at least annually to relevant internal and external stakeholders (workshops, CEO announcement, newsletter).

Anti-Corruption Practices

Which of the following anti-corruption reporting and prevention systems are in place?

- Written employee whistle-blowing policy with confidentiality policy
- Circulation of whistle-blowing policy to all employees and business partners
- Communication of the anti-corruption system at least annually to the relevant internal and external stakeholders
- Annual training on the anti-corruption system
- Providing supporting tools and guidance (e.g. self-assessment survey for high-risk departments)
- Anonymous mechanisms to report concerns and grievances
- We take part of a collective action/coalition with governments, community-based organizations, NGOs and other businesses to act against corruption.
- Individual or department oversight with direct access to Board of Directors
- None of the above
- Other - please describe

Independent Contractors in the Workers Section

Starting in Version 6, in certain circumstances where there are substantial working relationships between a company and individuals as independent contractors, those independent contractors will be assessed as workers in the worker section.

Independent contractors have previously been treated as suppliers in the B Impact Assessment, and while there has previously been a specific question pertaining to practices of the company as they relate to independent contractors, they have been generally factored into the questions about a company's supply chain.

Per feedback from our global users and regional advisory groups, it was acknowledged that in many circumstances companies consider independent contractors as workers, not suppliers, and the exclusion of them from the worker section produced an incomplete assessment of whether a company provides quality jobs - including in some circumstances where companies may have "workforce development" programs with independent contractors that have barriers to employment (such as individuals with disabilities). Furthermore, more and more companies have been utilizing labor from independent contractors and laws have been passed in many jurisdictions to create more flexibility for companies to do so.

In order to acknowledge the spectrum of labor between payrolled employees and independent contractors (in which they could both be considered "workers" for the company even if not employees), in Version 6 independent contractors will be counted in the Worker section if they *work exclusively for the company or work greater than 20 hours per week for the company for longer than a 6 month period.*

Gating question:

Is any of your company's labor performed by subcontracted organizations or individuals, such as outsourced staffing services or independent contractors?

- Yes, some of our labor is contracted to third party subcontractors that manage staff on our behalf
- Yes, we hire individual independent contractors who either work exclusively for the company, or work greater than 20 hours per week for the company for longer than a 6 month period
- While we utilize independent contractors, they do not work exclusively for the company or greater than 20 hours per week for the company for longer than a 6 month period
- None of the above

*If Option (2) is selected, then those independent contractors would be considered in the worker section.

Labor contracted to third party subcontractors will be assessed in the questions on reviewing and screening subcontractors in the Community Question. Independent contractors that do not work exclusively for the company or not for the time thresholds identified above will continue to be assessed in the specific independent contractor question featured in the Community section as well.

In order to still distinguish between those companies who go above and beyond to put workers on payroll, the Emerging Markets version of the BIA Version 6 features a new question that will reward companies for having their workers on payroll to acknowledge the additional value, protections, and stability for workers that comes from payrolled employment, in addition to the other benefits of the worker section that signal overall job quality. With these improvements, companies having a Workforce Development program with independent contractors will have the opportunity to earn credit in the Workforce Development Impact Business Model if the other requirements are met.

Formal Employment

What percentage of individuals working for the company are formally employed on the payroll of the company?

- 0%
- 1-24%
- 25-49%
- 50-74%
- 75-99%
- 100%

B Lab will also continue to monitor the topic of independent contractors to identify opportunities to clarify and identify best practices related to job quality across the employee / independent contractor spectrum for future developments in the B Impact Assessment.

Workforce Development IBM

The Workforce Development IBM has been revised to more clearly and appropriately differentiate the degree to which a company's program is designed to actively recruit and support particular chronically underemployed groups.

The Workforce Development Impact Business Model is designed to recognize companies that have programs to hire, provide quality jobs, and professionally develop individuals with barriers to employment. In order to evaluate whether a company has the impact business model, and to determine how many points a company earns for their particular model, a few key aspects of the program are evaluated, including the % of the workforce that would qualify as being from a chronically underemployed social group (for example, low income, formerly incarcerated individuals, etc.), the quality of the job provided, the types of significance and training offered to these individuals, and employee retention / graduation from these types of programs.

In order to more appropriately differentiate between who is hired and to what degree a company is actively hiring and designing their program for those individuals, a further differentiating question has been added in V6 regarding the hiring practices that the company has.

Workforce Development Hiring

Which of the following applies to the method in which you target or hire individuals with barriers to employment?

- We operate in a location where formal employment is rare and workforce development is a natural part of our hiring (50%)
- Individuals with barriers to employment are directly targeted and hired through our own program or in partnership with government or non-profit organizations (75%)
- We have an open hiring program that allows any interested job seeker, regardless of past experiences, to achieve employment on a first come first served basis (100%)
- None of the above

In addition to this gating question, two additional revisions have been made to ensure the quality of the jobs provided, including:

- 1) A health and safety training requirement to ensure that workforce development program jobs appropriately protect the physical well-being of the participants, and
- 2) Requiring a 10 % payment above the minimum wage for those companies who are operating in a location without a living wage benchmark

Regarding (2), in locations where a living wage benchmark exists, companies have always been evaluated based on whether they paid that living wage. In locations where a living wage benchmark did not exist, however, companies were merely evaluated based on whether they paid above a minimum wage. The stipulation of 10% above a minimum wage has been designed to create a more consistent and aspirational evaluation of job quality.

Other Workers Changes

Notable revisions in the Workers Impact Area of the B Impact Assessment include new and wider coverage of the topic of paying a living wage, worker voice, and a re-orientation of how significantly a company's bonus program in the spirit of distributing financial success with employees.

Living Wage

Per [living wage benchmarks now available for more markets globally](#), the topic of paying a living wage has been added to the Emerging Markets B Impact Assessment in V6. In addition, the BIA now features two separate questions on living wage, referencing both individual and family living wages. While previous versions of the BIA focused on a living wage for a single individual, it is globally recognized best practice to calculate based on a family wage.

% of Employees Paid Individual Living Wage

What percentage of employees on an FTE basis are paid the equivalent of a living wage for an individual?

- <75%
- 75-89%
- 90-99%
- 100%
- N/A
- None of the above

% of Employees Paid Family Living Wage

What percentage of employees are paid the equivalent of a living wage for a family?

- <75%
- 75-89%
- 90-99%
- 100%
- N/A

For both questions, where living wage data is not available or has not met B Lab's criteria as a sufficient calculation, a company is able to select "Not Applicable," and thereby not be penalized for the lack of data in their region.

Worker Voice Practices and % of Employees Covered by Collective Bargaining

Recognizing the importance of empowering and giving voice to employees as part of a positive workplace, new questions have been added about worker voice, and, for companies who employ a majority of their employees based on an hourly or monthly wage, participation in collective bargaining. Answer options include options that get at more proactive input and results from workers.

A collective bargaining question is featured to apply to companies of all sizes (when a majority of employees are hourly), an N/A was added for companies who have alternative governance structures that empower workers to recognize that collective bargaining is not the only way to provide meaningful worker voice in the assessment.

Worker Empowerment

How does your company engage and empower workers?

- We have formalized feedback and complaint mechanisms beyond direct reporting lines to address concerns and improve company practices
- We have processes in place to provide input from employees prior to operational and/or strategic policy or practice changes
- Employee complaint / input mechanisms are reviewed at least every other year, with input from employees themselves into the process
- Company tracks usage of input/ feedback / complaint mechanisms and resolution / implementation rates
- We have adopted open book management, self-management, or democratic governance (cooperatives) within the workplace
- Workers have opportunity to elect member(s) to the Board of Directors
- Other - please describe
- None of the above

Collective Bargaining

What percentage of your employees are covered by a collective bargaining agreement?

- <65%
- 65-80%
- 81-90%
- >90%
- N/A - company is a cooperative or have other self-management mechanisms for employee

Significance of Bonuses

While the previous question focused on assessing the significance of a company's bonus plan as compared to the company's salary base, it was recognized that this measure did not completely reflect the extent to which a company is distributing the success of the company to its employees. The updated question is instead focused on the overall amount of bonuses paid to non-executives compared to the profitability of the company

Significance of Bonuses

What is the equivalent percentage of profits that were distributed as bonuses to non-executive employees??

- No bonus payout, or no bonus plan
- <1%
- 1-5%
- 5-10%
- >10%

Diversity, Equity and Inclusion

More detailed questions have been added around inclusive workplace practices and quantitative diversity questions have been disaggregated to create a more detailed, consistent, and globally relevant set of Diversity, Equity, and Inclusion performance metrics.

Through B Lab's ongoing Inclusive Economy Challenge program, as well as engagement with its Regional Standards Advisory Groups, B Lab identified potential improvements to the Diversity, Equity, and Inclusion section of the B Impact Assessment globally. The main aspects flagged as areas of improvement were the need for more detailed practices related questions in addition to quantitative metrics, the need for more global resonance for what counts as an "underrepresented group" around the world, and the need to disaggregate metrics to allow for a more nuanced and intersectional measure of a company's diversity equity and inclusion performance. Solving these issues can be very challenging, as varying cultural and legal norms make it difficult for standardization and disaggregating metrics could easily expand the number of questions in the section and dilute the overall value of each of them.

B Lab has developed the following revised definition of underrepresented groups based on consultations with our global network and regional advisory groups:

Underrepresented groups

Underrepresented groups refer to groups who have traditionally not had equal access to economic opportunities because of discrimination or other societal barriers. This may vary by context and by geography. Take into consideration gender, ethnicity, sexual-orientation, age, disabilities, immigration background and/or low-income status that may qualify an individual as being part of a previously excluded population.

In addition to adding more detailed questions around inclusive workplace practices such as inclusive hiring, inclusive work environments, management of diversity, equity, and inclusion, B lab also has worked to clarify and disaggregate our quantitative diversity questions to create a more detailed, consistent, and globally relevant set of metrics.

This is done by asking about what demographic groups the company measures, and then disaggregating questions to get more detail while asking about only those that are relevant to what the company has indicated they track.

Question Summary	Question	Answer Options
Inclusive Hiring Process	How does your company create an inclusive recruiting and hiring process?	<ul style="list-style-type: none"> • We include a statement in all our job postings with a commitment to diversity, equity, and inclusion • We don't ask about incarceration history during our application process • We conduct anonymous or "blind" reviews of applications or resumes without attaching names or identifiable characteristics • We actively recruit through organizations or services that serve individuals from underrepresented populations • We conduct analyses of our job description language and requirements to ensure they are inclusive and equitable • None of the above
Inclusive Work Environments	How does your company create an equitable and inclusive workplace for employees?	<ul style="list-style-type: none"> • We have designated an individual or group explicitly responsible for diversity, equity, and inclusion (e.g. Diversity Manager, Inclusion Committee) • We offer trainings for all employees on topics related to diversity, equity, and inclusion • We have voluntary employee resource or affinity groups • Our facilities are designed to meet accessibility requirements for individuals with physical disabilities • Our facility restrooms are gender-neutral or gender-inclusive • We have programs in place to provide mentorship, apprenticeships, or internships for individuals from underrepresented groups • We accommodate learning or emotional disabilities in work processes and workplace policies • None of the above
Management of Diversity, Equity and Inclusion	How does your company manage and improve your workplace diversity and inclusivity?	<ul style="list-style-type: none"> • We anonymously survey employees on gender identity, race/ethnicity, disability status, and other demographic factors to track the diversity of our workforce • We have set specific, measurable diversity improvement goals that are reviewed by senior executives or our Board of Directors • We have conducted a pay equity analysis by gender, race/ethnicity, or other demographic factors and, if necessary, implemented equal compensation improvement plans or policies • We analyze job categories, satisfaction, promotion, retention rates, or benefits by different demographic groups, and if necessary, have implemented corrective actions for inequitable results • We specifically analyze diversity, equity, and inclusion data for individuals who are part of multiple underrepresented groups • None of the above

Measurement of Diversity

What attributes of a diverse workforce does your company track, either through anonymous surveys or other methods legal in your jurisdiction? Note: In some circumstances, collection of this data may be regulated by law. Consult local regulations to determine if collection is possible and do so within the bounds of propriety and the law.

- Socioeconomic status (as determined by low income residence, education level, etc.)
- Gender
- Race and/or Ethnicity
- Age
- Other (religion, incarceration history, immigration status, etc.)
- None of the above

Based on a company's answer to the question above, specific questions asking about the % of the workforce that qualifies will follow. While questions about the diversity Management, Executives, and a company's Board of Directors were not disaggregated by every demographic group above, they have been split to allow for nuanced measure between gender diversity and other underrepresented groups.

Local Economic Development IBM

The Local Economic Development model has been restructured to clarify which companies the model applies to and to be more aligned with other Impact Business Models featured in the B Impact Assessment. Companies wishing to earn the model must be (1) locally and independently owned, (2) have a written policy commitment focused on local development that includes either purchasing from local suppliers or serving local customers.

The Local Economic Development IBM (along with the Designed to Conserve Impact Business Models) previously featured a list of different qualifying “practices” in which, if a company was doing enough of those practices (4+), they were qualified for the business model. All practices that were listed were considered of equal importance, however, even if some of them were not necessarily a part of the company’s designed business model.

Qualifying Local Practices featured in V5 Local Economic Development IBM

- More than 75% of the company's ownership is located locally to at least 2/3 of the workforce
- Company's headquarters or main production facility is located locally to where 75% of end product is used
- More than 75% of the company's significant suppliers are independent companies located locally to the company's headquarters or relevant production facilities
- More than 50% of the company's significant suppliers are independent companies located locally to where the end product is used
- More than 50% of company's raw materials (in dollar value) are grown or harvested within 200mi / 322km of where the end product is used
- The company banks with a local and independent institution or a local institution that has at least 50% of their loans/deposits coming from or to local sources (within 3 states if in The U.S. and within 300km if in another country)
- The company contributes 5% of profits or more to local charities

In order to address these issues and arrive at greater consistency, the model was restructured to be more aligned with the other IBMs by having specific core requirements to be eligible and focus on those aspects of the business model that are most impactful for local development.

The core requirements of the model in V6 are:

- (1) Be locally and independently owned, AND
- (2) Have a formal written policy commitment to either purchase at least 50% of non-labor expenses from local independent suppliers OR have 75% of their customer base be local independent customers. It is also necessary to achieve these policies.

By focusing on policy as well as practice, we are more accurately capturing a "model." Companies could then earn incremental credit in the model for additional above and beyond practices related to the model.

Additional Local Business Models Practices Featured in V6

What other ways does your company support the local community?

- We use a local and independent bank (including banks that have at least 50% of their loans/deposits coming from or to local sources (within 3 states if in the U.S. and within 300km if in another country)
- We contribute 5% of profits or more to local charities
- We provide community space for local organizations
- We have local community investment programs or sponsorships
- We have a written local hiring policy
- None of the above

Other Community Changes

Other notable revisions in the Community Impact Area of the B Impact Assessment include the addition of “Community Investments,” more nuance in measuring quality job creation and supporting low income areas, and financial relationship with suppliers.

Community Investments

Recognizing that impactful practices related to philanthropy are not limited to making tax deductible financial contributions to charitable organizations, the civic engagement and charitable giving section includes new content that more explicitly includes “community investments” more broadly construed.

Relative Input for Community Investments

If you use an independent methodology to measure total commitment to community investment, what is the equivalent % of revenue contributed in the form of community investment?

- None
- Less than 0.1% of revenues
- 0.1-0.4% of revenues
- 0.5-0.9% of revenues
- 1-1.9% of revenues
- >2%

Job Creation and Facilities in Low Income Areas

In order to avoid the risk of practices related to job creation and operating in low income creating unintended negative impacts, address the concerns about job quality, additional qualifications have been added to questions to, in the case of job growth, stipulate that they are well paying jobs, and in the case of operating in low income communities, that the economic benefits of those operations lead to job opportunities for local residents in need.

Quality Job Growth Rate

How many of your company's full-time and part-time jobs were newly created over the last twelve months AND pay a living wage?

- 0% (no growth on a net basis)
- 1-24%
- 25-49%
- 50%+

Facilities in Low-Income Communities

What percentage of your workforce lives in poor/very poor or low-income areas or does not have a college degree AND is also employed in company facilities located in low-income areas?

- <10%
- 10-19%
- 20-29%
- 30%+
- Don't know

Financial Relationships with Suppliers (for large companies)

In addition to asking about support and capacity building services that a large company might provide its suppliers, new content has been added to assess best practices related to payment terms offered to small scale suppliers, recognizing the significant impact that large scale companies can have, positive or negative, by purchasing from them and dealing with them fairly.

Support for In Need Suppliers

Does your company do any of the following to support small scale or other in-need suppliers?

- We review suppliers for potential training needs
- We have a formal education or support program for selected suppliers
- We provide small scale suppliers the same contracts, prices and payment terms (such as days payable outstanding) as other suppliers
- We pay 30 days payable outstanding to small scale suppliers
- A formal mechanism is in place for suppliers to provide us feedback (e.g. supplier satisfaction surveys)
- We have a formal grievance mechanism to address complaints and resolve disputes
- Other - please describe
- None of the above

Supply Chain Environmental Impact

A broader life cycle approach has been adopted to questions about managing the environmental impact of a company's supply chain, with new elements of environmental impact like biodiversity explicitly included.

In V5, Supply Chain Environmental Impact Questions focused on the operational performance suppliers that a company has directly purchased from (Tier 1 Suppliers), including whether those direct suppliers monitor their environmental impacts and whether they have achieved or implemented specific performance thresholds and practices. Recognizing the materiality of the environmental impact of a company's supply chain beyond its immediate suppliers, and that such impact is often about choice of materials and other factors beyond individual operational performance of the supplier, a more holistic life cycle approach to managing environmental supply chain impact has been adapted. This also enables the B Impact Assessment to more explicitly cover the topic of biodiversity impacts, which has been flagged as a theme inadequately covered in past versions of the BIA.

In V6 B Lab recognizes that environmental supply chain impact extends beyond the operational performance of immediate suppliers, and asks how a company is taking concrete steps to manage it. In addition to covering the topics that were previously covered in supply chain (Waste, Water, Chemicals, GHGs), this revision also lets us call out different elements of impact that were not previously explicitly incorporated such as managing and reducing impact on biodiversity of the supply chain. Two new questions are featured to identify and differentiate improvement. The examples of the new questions, for biodiversity, would be replicated for GHG emissions, water, waste, and hazardous waste in the supply chain.

Supply Chain Biodiversity Management

How does your company track and manage your supply chain's impact on biodiversity?

- We don't evaluate our supply chain impact on biodiversity
- We have conducted an analysis of our value chain, including suppliers, services, and materials, to identify material risks to biodiversity
- We set targets for reducing impact on biodiversity through our supply chain
- We have verified that our supply chain creates no (or positive) biodiversity impact

Supply Chain Biodiversity Improvement

What practices has your company implemented for a majority of suppliers (on a cost basis) to reduce your supply chain's impact on biodiversity?

- We collaborate with or require suppliers to collect data and report on biodiversity impact
- We screen suppliers to fit good biodiversity practices
- We provide support or resources for our supply chain in adopting biodiversity-friendly operations (e.g. online tools, applying questionnaires and surveys, collaborating in industrywide surveys)
- We audit and provide help to suppliers to complete corrective actions
- None of the above

Environmentally Innovative Process IBM

The V5 Designed to Conserve Impact Business Models, named in V6 Environmentally (Manufacturing, Wholesale / Retail, and Agriculture) Innovative Process, has been restructured to clarify which companies the model applies to and to be more aligned with other Impact Business Models featured in the B Impact Assessment. Companies wishing to earn the model must be (1) having an environmental management system to track and verify their environmental performance, (2) having identified the material environmental impact of their industries practices, and (3) substantively reduced the environmental impact of their material issues through a process.

In V5, the Designed to Conserve Impact Business Models (like the Local Economic Development IBM) was previously featured a list of different qualifying “practices” in which, if a company was doing enough of those practices (4+), they were qualified for the business model. All practices that were listed were considered of equal importance, however, even if some of them were not necessarily a part of the company’s designed business model.

Qualifying Designed to Conserve Practices Featured in V5 Designed to Conserve Manufacturing Model

- ❖ Company annually measures and publicly reports energy usage, water usage, carbon emissions, and waste output
- ❖ Company has reviewed life cycle impact of 50%+ of products in terms of dollar volume
- ❖ At least 25% of manufacturing facilities (by square feet) meet comprehensive green building standards (such as LEED)
- ❖ At least 15% of the energy is from onsite renewables or 75% of the energy is derived from purchased renewable sources (including RECs)
- ❖ The core manufacturing process substitutes a critical energy-intensive manufacturing step that is of concern in your industry (i.e. steam recycling, sun drying vs. gas oven heating, etc.)
- ❖ The core manufacturing process of the product substitutes a critical water-intensive manufacturing step that is of concern in the industry (i.e. water recycling, water reuse, and water substitution)
- ❖ Core manufacturing process substitutes a critical chemical intensive manufacturing step that is of concern in the industry (i.e. toxic chemical elimination)
 - Efficiencies from a core manufacturing process can demonstrate a significant source-reduction in inputs (per unit basis) compared to industry average
- ❖ 50% of solid wastes from the manufacturing process are recycled, reused or composted
- ❖ Majority of liquid wastes from manufacturing process are treated and returned to water table at same quality diverted (confirmed by testing on temperature, ph levels, bio-chemical oxygen demands, etc)

In order to address these issues and arrive at greater consistency, the model was restructured in V6 to be more aligned with the other IBMs by having specific core requirements to be eligible and **to focus on those aspects of the business model that are core elements of what it means to design a process for environmental conservation**. In addition, the model was renamed to better reflect the intention of rewarding innovation in the production process and to avoid any confusion.

The core requirements include:

- (1) having an environmental management system to track and verify their environmental performance,
- (2) having identified the material environmental impact of their industries practices, and
- (3) substantively reduced the environmental impact of their material issues through a process innovation.

Therefore, the intent of the model will be focused on **innovative practices within an industry that significantly reduce the environmental impact of the manufacturing process compared to others**. Companies can then earn incremental credit in the model for additional above and beyond practices and outcomes such a achieving science based environmental targets.

Additional Environmentally Innovative Practices Featured in V6

- We have substantially reduced the amount of source material required for our product compared to industry norms
- We have implemented methods that include the recycling or re-use of at least 50% of materials
- We have a water recycling or closed-loop recycling system
- We have replaced a water-intensive process with a process that requires a significantly reduced amount of water usage
- We have implemented a water treatment system that treats all waste water to return it to the water table at a quality as high as the water was received
- We have substituted a chemical-intensive process with a process that requires a significantly reduced amount of chemicals used
- We have substituted an energy-intensive process with a process that requires little to no energy
- We have implemented a program to use on-site renewable energy for our process
- None of the above

Environmental Management Outcomes

What results has your company seen from your environmentally-focused manufacturing processes?

- We have achieved carbon neutrality
- We have achieved zero waste or a closed loop material process
- We can confirm that water is used only in accordance with the local watershed needs
- We have eliminated all harmful chemicals from our manufacturing process
- None of the above

Resource Conservation IBM

For the first time the Resource Conservation IBM will explicitly capture products that are designed to be “GHG minimizing” products along with energy efficient and other environmentally efficient products.

While the B Impact Assessment has an Impact Business Model focused on the renewable energy products and the Resource Conservation IBM that captures energy efficient, water efficient, and waste reducing products, there has not been an impact business model that more broadly captures “GHG efficient” that might not fall in the two categories above. These types of products could include: vegan alternatives to meat products, refrigerant alternatives, and carbon sinks like alternative cement and biochar.

Within the Resource Conservation IBM, “GHG minimizing” products will be able to receive credit along with other energy efficient products.

Resource Conservation Description

Which of the following most accurately describes how your product or service conserves or diverts resources?

- Product or service uses resources or minimizes carbon more efficiently than market alternatives (e.g. energy-efficient appliances, low-flow shower heads)
- Product or service uses recycled, used, or compostable input materials (e.g. recycled paper, used furniture, compostable bags)
- Product or service is designed to share resources efficiently in order to minimize overall resource consumption
- Product or service creates systems for resource conservation (e.g. recycling programs, composting services, energy or water assessment software, water recycling systems)
- These descriptions do not apply to our company’s product/service (Skip the remainder of this section)

This includes companies that are producing plant-based alternatives to meat products and other GHG reducing products, as long as they are able to demonstrate through documentation that they are a clear alternative to another product and that their type of product has substantially reduced emissions (for instance, through independent research or a life cycle analysis).

Other Environment Changes

Other notable revisions in the Environment Impact Area of the B Impact Assessment include featuring renewable energy in general, not just low impact renewable energy, as well as more specific questions for companies who sell products about how they manage the environmental impact of packaging.

Renewable Energy Sources

While previous assessments focused only on awarding “low impact” renewable energy (including wind and solar, but not necessarily large scale hydro power) as the best practice in different types of energy use, a new question has been added so that companies can earn incremental credit for using renewable energy sources that are not necessarily “low-impact” but nonetheless do not emit greenhouse gas emissions (i.e. hydropower). This is particularly relevant in Emerging Markets, where hydropower is frequently used.

Renewable Energy Use

What percentage of energy use is produced from renewable sources?

- 0%
- 1-24%
- 25-49%
- 50-74%
- 75-99%
- 100%
- Don't know

Low Impact Renewable Energy Use

What percentage of energy use is produced from low-impact renewable sources?

- 0%
- 1-24%
- 25-49%
- 50-74%
- 75-99%
- 100%
- Don't know

Environment Impact Packaging

While the environmental impact of a product’s packaging has been previously included in questions about the overall environmental impact of products, a new question has been added to acknowledge packaging as a topic that should be measured separately and entails different best practices.

Environment Impact Packaging

How does your company minimize the environmental impact of the packaging of your products?

- We have conducted a formal assessment of our packaging design and materials to identify opportunities to minimize environmental impact
- We have source-reduced packaging within the last two years
- Our packaging materials are certified to meet independent standards for environmental impact
- Our packaging is recyclable and provides instructions on how to recycle it correctly
- Our packaging is non-toxic
- Our packaging materials are designed to have less overall environmental impact than common alternatives
- None of the above
- N/A - our products do not have packaging materials

New Section of the BIA: Customer Stewardship

As part of the B Impact Assessment's new structure, a new goal focusing on Customer Stewardship has been added to the Customers Impact Area.

In V5 companies taking the B Impact Assessment only received credit in the Customers Impact Area if they had a product or service specifically designed to produce a positive social impact for its customers or consumers (i.e. vaccines, educational products, etc.). In order to acknowledge that Customers are a core stakeholder impacted by all businesses, and in the spirit of

aligning with other standards, a new customers section has been introduced to assess how all companies produce and manage value and impact for customers and consumers.



New Questions

Question Summary	Question	Answer Options
Quality Assurance	Do you use an established third party methodology to manage quality assurance for your products or services	<ul style="list-style-type: none"> • Yes • No
Accreditations and Certifications	What % your products or services have been reviewed and certified by an accreditation body focused on quality? This can include process certifications like ISO9000 or industry specific quality accreditations.	<ul style="list-style-type: none"> • 0% • 1-9% • 10-24% • 25-49% • 50-74% • 75-99% • 100%

Question Summary	Question	Answer Options
Feedback and Complaint Channels	Are any of the following true regarding mechanisms for customers to provide feedback, ask questions, or file complaints?	<ul style="list-style-type: none"> • Products and/or websites feature customer service contact information • Product / service reviews are made available in their entirety to public • Company responds to all direct inquiries or complaints within a month of receipt • Company offers live time support to customers • Other • None of the above
Monitoring Customer Satisfaction and Retention	Which of the following are true of your company with regards to customer or client satisfaction and/or retention?	<ul style="list-style-type: none"> • Company monitors customer satisfaction • Company shares customer satisfaction internally within the company • Company shares customer satisfaction publicly • Company has specified targets for customer / client satisfaction • In the last year, company has achieved specified targets for satisfaction • None of the above
Product Impact Assessment	For what percent of your products has your company conducted a formal assessment of the positive and/or potential negative outcomes produced for your customers?	<ul style="list-style-type: none"> • 0% • 1-9% • 10-24% • 25-49% • 50-74% • 75-99% • 100% • N/A
Managing Product / Service Impacts	Does the company do any of the following with regards to managing the potential impact their products have on customers / beneficiaries?	<ul style="list-style-type: none"> • Company regularly monitors customer outcomes and well-being • Company has formal program to incorporate customer testing and feedback into product design • Company has formal programs in place to continuously improve outcomes produced for customers (including reducing negative effects or increasing positive effects) • Other • None of the above

Question Summary	Question	Answer Options
Managing Marketing and Advertising	Does the company have any of the following practices with regard to ensuring accurate, ethical, and positive marketing and advertising?	<ul style="list-style-type: none"> • Company makes transparent potential risks and negative impacts of products, including, when appropriate ingredient lists • Company has formal policies to review the accuracy and ethics of marketing and advertising • Company complies with independent marketing and advertising standards relevant to their sector or industry • Company has programs in place to promote social and or environmental causes through its marketing and advertising • Company gets input of the communities that are featured on the company's messaging and advertising campaigns and is inclusive of the culture of those communities. • Other • None of the above
Data Usage and Privacy	Does the company have any of the following to address data usage and privacy issues?	<ul style="list-style-type: none"> • Company has a formal publicly available data and privacy policy • Company makes all users aware of information collected, length of time it is preserved, how it's used, and whether and how it is shared with other entities (public or private) • Customers have option to decide how their data can be used • Company is transparent on how it tracks its customers data (website asking for an explicit opt-in for the use of cookies and other user-tracking technologies) • Company's email list building and email marketing strategies are GDPR compliant • Other • None of the above • N/A - Company does not collect sensitive data
Data Security Management	Does the company have any of the following practices to ensure security of private data?	<ul style="list-style-type: none"> • Data privacy is included in company wide risk management compliance processes • All employees are trained on data privacy policies • Company has a formal code of conduct that defines unauthorized uses of data • Internal audits of data security • External audits of data security • Simulated hacks on data security • Other • None of the above • N/A - Company does not collect sensitive data

Many topics related to customer stewardship have already been featured in the BIA and have just been moved to the new section. To inform new content, B Lab referred to pre-existing standards and resources including the Dow Jones Sustainability Index, Global Reporting Initiative, OECD Guidelines for Multinational Enterprises, the [Roundtable for Product Social Metrics](#), the Better Business Bureau (BBB), the ICC framework, European Advertising Standards Alliance (EASA) and USA and Canada Marketing Associations.

Impact Improvement IBM

Further distinction has been made in the Impact Improvement Impact Business Model to distinguish between companies whose services provide cultural / engagement improvements in a workplace compared to specific operational improvements, comprehensive impact improvements, and transformational (e.g. impact business model) impact improvements for an organization.

The impact improvement model was designed to award companies that provide business to business services that are designed to improve the impact of organizations, i.e. sustainability consultants. While the model has previously distinguished between the extent to which a company's services implement or indirectly support impact improvement, it has not distinguished between the type and degree of the impact that is being created.

In V6 new options have been added to more appropriately differentiate the degree of impact that is being created by asking the type of product that a company provides and adding a follow up question to further differentiate the magnitude of the impact created by the services:

Type of Impact Improvement

What type of product or service does your company provide that improves the impact of your clients?

- Our product or service contributes research, measurement, data collection, or reporting that supports impactful decision-making
- Our product or service provides consulting or implementation that improves the operational practices of our clients
- Our product or services provides consulting or implementation that transforms the culture or business model of our clients
- None of the above

Extent of Impact Improvement

Can your company verify that, based on your product or service, any of the following types of impactful improvements were made by the majority of your client organizations?

- We have evidence of operational improvements made by our clients based on the products or services provided
- We have evidence of transformational improvements (either adoption of impactful business models or substantive changes to the company's overall impact) based on the products or services provided
- We do not have evidence of the either of the above implementations

Impact Business Models Specific Impact Measurement, Management and Outcomes

In collaboration with the [Impact Management Project](#), more nuanced questions have been incorporated as follow up questions in each into Impact Business Models to evaluate how a company is managing the impacts of their business model.

As part of the identification and evaluation of a company's impact business model, the B Impact Assessment asks a series of questions intended to identify the stakeholders that primarily benefit from the company's model, the positive outcome that is produced for them, the magnitude of the business model relative to the company as a whole, and the extent to which the company is measuring, verifying, and managing the impact that the business model creates (both positive and negative).

In addition to identifying how the current structure of the [B Impact Assessment](#) and its impact business models align with the five key dimensions of impact identified under the [Impact Management Project](#), new and more detailed questions about how a company is measuring, verifying, and managing their impact according to these dimensions have been added to each Impact Business Model in the B Impact Assessment in V6. This creates alignment with the Impact Management Project, provides more detailed differentiation of companies with Impact Business Models, and educates companies with Impact Business Models about how best to manage their impact.

Impact Management Project Dimension		Alignment with Impact Business Models of the B Impact Assessment
Who	Who experiences an effect and how underserved?	IBMs are identified by the relevant stakeholder group, in this case, Customers and Serving In Need Populations
What	What outcome(s) an effect relates to	The Impact Business Model itself indicates “what” the impact or outcome produced is, for instance “improved health.”
How Much	How significant an effect is in a given time period ² .	The “Intensity” dimension of the BIA aligns with the Depth Component of “How Much,” while the “How Many” dimension is linked with the Reach dimension of the BIA. Length and quickness are less apparent in the current IBM framework, with quickness being difficult to broadly apply across business models.
Risk	Which risk factors are significant and how likely the outcome is different from the expectation	Most closely aligns with the Efficacy dimension of the IBM Framework, although while “risk” is a leading indicator, the BIA focuses on the actual performance of whether the outcome has actually occurred
Contribution	How the effect compares and makes a contribution to what is likely to occur anyway	While more indirect, we believe that both Efficacy and Serving In Need Populations are related measures of contribution, by recognizing pro-active efforts to actually determine whether your product created the impact that is seen, and serving “underserved populations” as a proxy for serving groups that traditionally would not be served.

²The “How Much” dimension is itself broken down into component parts that measure different things, including “depth” of impact, scale (how many people affected), quickness (how quickly does the impact manifest), and duration (how long does it last).

Measurement, Verification, and Management Follow Up Questions

New follow up questions for Impact Business Models begin with a general questions covering various practices related to impact measurement, verification, and management. Based on a company's answers, more detailed follow up questions will appear.

Management of Impact Business Model Outcomes

How does your company measure and manage the results, outcomes, effects, or impact of your product or service?

- We have formally defined the outcomes sought by our product or service and have developed a theory of change for them
- We have based our impactful product or service business model on established secondary research that demonstrates potential impact
- We have directly and formally engaged stakeholders in understanding their desires and needs when developing, refining, and or delivering our products or services
- We are verified to meet third-party standards for impact (e.g. we have impact-related product certifications)
- We measure near-term outcomes of the product or service to determine whether it is meeting the needs and expectations of our beneficiaries
- We measure long-term outcomes in order to assess whether the results of our product produce lasting positive impacts for our beneficiaries
- We have identified and measure and manage the unintentional or potential negative impacts of the product or service in addition to intentional positive effects
- We have identified and managed potential causes that could lead to a failure to deliver the positive outcome, to do so less efficiently than possible, or to produce other negative effects
- None of the above

Efficacy of Impact Business Model Provisions

For what percentage of your beneficiaries can you verify your positive impact on the outcome stated above?

- 0%
- 1-25%
- 26-49%
- 50-74%
- 75-99%
- 100%
- Don't know

Long-Term Outcomes

Does your outcome measurement demonstrate that your company is creating long-term or permanent outcomes for your beneficiaries?

- Yes
- No

Adjustments to Practices and Output Questions to be More Tailored for Small and Large Companies

Adjustments have been made in the number of questions to improve and make more meaningful the assessment for small companies, as well as to make the assessment more nuanced and aspirational for large companies.

Per feedback of small companies and data analysis conducted through our testing and public comment period, a number of questions have been merged, tailored, or adjusted to make them more reflective of the best practices and opportunities of small businesses, including topics like inclusive workplaces, governing body characteristics, management of social and environmental issues, and environmental management systems.

Similarly, the reverse effort was conducted to focus the scoring of large companies more on the scope and outputs of the practices that they have in place to make the assessment more nuanced and aspirational for large companies. This was done primarily by, in circumstances where a practice question is followed by a question that asks for the % of the company the question applies to, making the following question heavily weighted as the more important overall indicator of performance.

For Small Companies:

One example of these adjustments relates to the highest level of oversight of the company, in which questions related to having a Board of Directors has been limited for the smallest businesses. This adjustment was made by the Standards Advisory Council under the belief that even for small businesses, a formal and external governance body is still an aspirational best practice.

Governing Body Characteristics

Which of the following apply to your company's advisory board or Board of Directors?

Advisors / members meet at least annually

Advisors / members review company social and environmental impact

Advisors / members represent or provide expertise from specific stakeholder groups (clients, community members, environmental experts, etc.)

At least 50% of advisors / members are women or individuals from underrepresented social groups

Advisors / members are made transparent on company website

None of the Above

N/A - no Board of Directors or advisory board

Another example is related to diversity, equity, and inclusion in the workplace - where three questions have been merged into one specifically designed for small businesses:

Creating and Managing Inclusive Work Environments

Which of the following practices your company has in place around diversity, equity and inclusion?

- We include a statement in all our job postings with a commitment to diversity, equity, and inclusion
- We conduct anonymous or "blind" reviews of applications or resumes without attaching names or identifiable characteristics
- We conduct analyses of our job description language and requirements to ensure they are inclusive and equitable
- We offer trainings for all employees on topics related to diversity, equity, and inclusion
- We have set specific, measurable diversity improvement goals
- We have conducted a pay equity analysis by gender, race/ethnicity, or other demographic factors and, if necessary, implemented equal compensation improvement plans or policies
- None of the above

For Large Companies:

One such example for the adjustment for large companies relates to having a supplier code of conduct, where the follow on question referring to the percentage of suppliers has been made more heavily weighted than the general "practice" question before it.

Practice question (Equally Weighted):

Supplier Code of Conduct

Is there a formal written Supplier Code of Conduct policy that specifically holds your company's suppliers accountable for social and environmental performance?

- Yes
- No

Follow up question (Heavily Weighted) :

% of Suppliers Accountable to Code of Conduct

What % of your suppliers (on a currency basis) are accountable to the formalized code of conduct or requirements described in the previous question?

- 0%
- 1-20%
- 21-49%
- 50-74%
- 75-99%
- 100%
- N/A

Governance and Management of Social and Environmental Impacts for Multinational and Large Companies

Per feedback from B Lab’s Multinational and Public Markets Advisory Council, questions have been strengthened and added to address key practices essential to evaluating the performance of large companies, including stakeholder engagement, addressing material social and environmental issues, tax and government affairs transparency, human rights, and supply chain management.

Recognizing that the current standards and certification processes for B Corp Certification were not designed for large companies, B Lab convened the Multinational and Public Markets Advisory Council (MPM AC), comprised of leading companies, assurance providers, and stakeholder organizations, to advise on creating a meaningful and manageable path to B Corp Certification. Among the recommendations made by the MPM AC was to develop revised and new metrics designed to reflect the aspirational best practices specific to large companies and their overall potential impact and influence. Among the topics revised and added include highlighting stakeholder engagement of stakeholders directly affected versus those indirectly involved, a focus on identifying root causes of supply chain risks rather than merely conducting “audits,” and determining materiality based exclusively on stakeholder input and overall impact rather than financial materiality or interest of the business, among others. A sampling of questions designed for large companies through the MPM AC process and incorporated in V6 include:

Commitment to Stakeholder Engagement

Which of the following is true regarding your company’s stakeholder engagement policies and practices?

- Company has a written policy documenting commitment to and processes regarding stakeholder engagement, including procedures and responsibilities to address results from engagement
- Company has stakeholder consultation / engagement process designed to solicit feedback on social and environmental performance and needs for improvement, not just identification of material issues
- Company has stakeholder consultation / engagement process for development of any new material projects
- Company has conducted a stakeholder mapping to identify relevant groups and individuals to engage
- Company has pro-active strategy to receive input from stakeholders who are traditionally underrepresented
- Company keeps complete records of all formal stakeholder engagement activities
- Company has transparent mechanisms for external review and feedback on stakeholder engagement plans and results
- Senior executives and /or the Board of Directors oversee process and results of all stakeholder engagement
- None of the above

Materiality Assessment of Social and Environmental Issues

In what ways does your company identify the most material social and environmental issues related to its operations and business models (including its value chain) to report on and manage?

- We have a stakeholder engagement process designed to identify the most material issues from the perspective of stakeholders
- Our process to identify material issues is conducted or overseen by a third party independent from the company
- Our process to identify material issues is overseen and approved by the Board of Directors
- Material issues are identified independent of the effect of the issue on financial performance (i.e. company materiality matrix is organized by importance to stakeholders and social and environmental impact)
- None of the above

Human Rights Accountability and Results

Does the company have any of the following practices to address stakeholder grievances and/or human rights allegations?

- Company issues a public report identifying cases surfaced from grievance mechanisms (and other human rights related allegations), along with company responses
- Company has evidence of successful remedy (to the satisfaction of the stakeholder affected) for all grievances in the last year
- Company has implemented or revised company practices, and publicly reported those changes, to mitigate concerns raised via grievance mechanism in the last year
- Human rights policies, reviews, and diligence mechanisms are overseen by the Board of Directors
- None of the above

Managing Supply Chain Impact

Which of the following are true regarding how your company manages your supply chain impact?

- We embed social and environmental supplier performance into the job descriptions and performance evaluations of their procurement departments (distinct from their sustainability or CSR departments)
- Senior management team members have written responsibility for social and environmental supply chain performance
- We aggregate the results of supply chain social and environmental assessments to identify and report on trends in performance and breaches internally
- We use trends in supply chain performance to identify and remediate root causes of supply chain performance issues and breaches (including contractual requirements posed by the company itself, inadequate management or human resources processes, capacity constraints within suppliers, etc.)
- None of the above

Tax Management Policies

Does the company do any of the following in regard to tax management and transparency?

- Company tax strategy, including governance, risk management, transparency, and approach to dealing with tax authorities is overseen and approved by the Board of Directors
- Company publishes its tax strategy including details of governance arrangements, tax risk management, transparency, and approach to dealing with tax authorities
- Company publishes overall effective tax rate
- Company publishes annual information on the taxes they pay at a country level, together with information on their economic activity in each country
- Company provides narrative supplements to tax information describing how they were derived
- Company disclosures explain why any subsidiaries, branches or joint ventures operate in low tax jurisdictions
- Company endorses other third party best practices (ie UK Fair Tax Mark or The B Team Responsible Tax Principles)
- None of the above

More information about the MPM AC process is available on www.bcorporation.net, and certification requirements for multinational companies are to be released soon after the launch of Version 6.

Deletion, Consolidation and Contingency

In order to improve the experience of users, reduce the total amount of questions a user needs to complete, and provide more comparability across different tracks of the assessment, efforts have been made to remove and consolidate questions where possible without reducing the rigor or comprehensiveness of the assessment.

The B Impact Assessment is tailored to a company based on its size, sector, and geographic market, with more than 78 different combinations available in Version 5 of the BIA. Furthermore, in its effort to be a comprehensive measure of a company's social and environmental performance, the BIA has increased in the overall length and complexity from version to version in order to add new topics that have emerged as important issues to stakeholders. Simultaneously, it is necessary to focus on the most material topics to a given company and its performance, as well as ensure an overall level of comparability and standardization across different types of companies.

In its development of Version 6, B Lab reviewed what opportunities existed to make the assessment more efficient, consistent, and focused on more material questions. This was accomplished by (1) deleting some questions that were deemed less material or of questionable impact compared to other questions on related topics, (2) consolidating questions either across tracks or when multiple questions covered similar topics, and (3) designing questions so that more advanced and detailed questions only need to be answered by those companies for whom the questions are relevant to.

Sample of Questions That Have Been Deleted

- ❖ **Paying Above the Minimum Wage:** Because two questions previously existed, one asking about whether a company paid above the minimum, and one about the % above the minimum wage that the company pays, the first question has been deemed less material and removed.
- ❖ **Market Compensation Comparison:** In V5, this question had a high amount of incorrect responses from companies that did not formally conduct compensation benchmarking. It was also unclear how to answer when compensation comparisons could vary significantly by employee type.

- ❖ **Employee Ownership (including Executives):** Several questions assess the extent to which the company has broad-based ownership opportunities for its employees, including two questions asking about the % of the company owned by employees including executives, and another asking about the % of the company owned by employees excluding executives. The second question was deemed less material and removed.
- ❖ **Average Tenure:** As an indicator of overall job satisfaction, average tenure is also related to questions about satisfaction and attrition rates. It has been removed because it is less of a differentiator for young companies, and because the other questions are more focused on the current state of job satisfaction at the company at the given time.
- ❖ **Increasing Renewable Energy:** Because a separate question asking about the current % of renewable energy used by the company is also featured in the BIA, this question was deemed less material and removed.

Sample of Questions That Have Been Consolidated

WORKERS

Health Care Eligibility for Part Time Workers: In V5, two separate questions existed for when part time workers are eligible for healthcare benefits - one based on their tenure at the company, and another based on the amount of hours that need to be worked to be eligible. This topic has been consolidated into one multi-pick question that assesses both types of eligibility criteria.

When do part-time workers become eligible to participate in healthcare plans offered by your company?

- Part-time workers are eligible to participate within 6 months of employment
- Part-time workers are eligible to participate at time of hire
- Part-time workers are eligible if they work more than 20 hours a week
- Part-time workers are eligible if they work less than 20 hours a week
- Part-time workers are not eligible to participate in company-sponsored insurance plans
- N/A - We don't have part-time employees

COMMUNITY

Community Service Policies and Practices: This question consolidates V5 questions about volunteer service policies and volunteer hour monitoring/targets into a single multi-pick question.

How does your company manage employee community service?

- We have hosted or organized company service days in the last year
- We have a policy that allows less than 20 hours paid time off for community service
- We have a policy that allows more than 20 hours paid time off for community service
- Our company monitors and records total volunteer hours
- Our company has set community service or pro-bono targets
- Other - please describe
- None of the above

ENVIRONMENT

Monitoring and Managing Water Use: This question, like other monitoring questions, has been consolidated to more consistently reflect best practices across tracks. It has also been consolidated with reference to context based sustainability.

Does your company monitor and manage your water usage?

- We do not currently monitor and record water usage
- We regularly monitor and record water usage but have not set any reduction targets
- We monitor and record water usage and have set specific reduction targets relative to previous performance (e.g. a 5% reduction of water usage from baseline year) \
- We regularly monitor and record emissions and have set science-based targets necessary to achieve sustainable usage linked to our local watershed
- We have met specific reduction targets set during this reporting period

Sample of Questions that Have Been Designed So Companies Only Answer When Relevant

GOVERNANCE

Social and Environmental Decision-Making: Beginning with a general question about the different ways a company can embed social and environmental considerations in their decision making, follow up questions will appear to ask about more detailed aspects of each selected answer option.

How does your company integrate social and environmental performance into decision-making?

- Employee training that includes social or environmental issues material to our company or its mission
- Manager roles with job descriptions that explicitly incorporate social and environmental performance
- Performance reviews that formally incorporate social and environmental issues
- Compensation and job descriptions of executive team members that include social and environmental performance
- Board of Directors review of social and environmental performance
- We measure our externalities in monetary terms and incorporate them into our financial balances
- Other - please describe
- None of the above

For example, if the company selects the first answer option about employee training, only then will the company see this follow up question:

Social and Environmental Performance Training: How are social or environmental performance principles and practices incorporated into employee training programs? Please check all that apply.

- Only included informally in orientation, training, or instruction
- Specific, formal training is integrated into new employee and new manager training
- Specific, formal training is integrated into ongoing employee and manager training
- Workers articulate goals and achievements related to social and environmental metrics as an individual or part of a workplace team
- All supervisors and managers receive training on how to communicate social and environmental goals to employees and implement accountability for results
- None of the above

Company Transparency: Beginning with a general question about different elements of transparency for a company, follow up questions will appear to ask about more detailed aspects of each selected answer option.

What information does the company make publicly available and transparent?

- Beneficial ownership of the company
- Financial performance (must be transparent to employees at minimum)
- Social and environmental performance (e.g. impact reports)
- Membership of the Board of Directors
- None of the above

For example, selecting the third answer option about social and environmental Performance has the follow up question:

Impact Reporting

Does the company produce a public-facing annual report detailing its social and environmental performance that includes any of the following?

- We seek input from relevant stakeholder groups to help determine what information to report
- We provide clear descriptions of our mission-related activities
- We share quantifiable targets related to our company's mission
- We share quantifiable results from our mission-related activities (e.g., lbs of carbon offset)
- We use consistent variables of measurement which allow comparisons to previous years
- Our report is in compliance with the Global Reporting Initiative (GRI) or equivalent disclosure level based on a third-party voluntary reporting standard
- A third party has validated the information we share
- Impact reporting is integrated with financial reporting
- We don't produce a public-facing mission-related annual report

Service with Operational Environmental Footprint

First introduced in Version 5 of the assessment as the “Services with Significant Environmental Footprint,” the “Services with Operational Environmental Footprint” track will now further differentiate between companies whose operational footprints are product based versus facilities based.

In Version 5 of the B Impact Assessment, B Lab created a “Services with Significant Environmental Footprint” track of the assessment, aligned with companies in the wholesale/retail sector, in order to recognize that there were certain types of service companies, such as restaurants, hotels, co-working spaces, and universities, whose environmental impact is more material and distinct from other service companies. In Version 6, however, it has been identified that alignment with the Wholesale / Retail sector is not appropriate for some types of service companies with significant operational footprint. While the environmental footprint of some service companies is based on the physical products that are bought or sold, others are more based on the use of their facilities to deliver the impact (for instance college campuses, or coworking spaces).

For the new Services with Significant Operational Footprint track of the assessment, a gating question will ask about the majority of purchases of the company:

Majority of Non-Labor Expenses

Are the majority of your purchases from suppliers services or physical products?

- Physical products
- Services or non-physical products like software

If the majority of expenses of the company are based on physical products, then the company will be assessed according to questions focused on their physical products and supply chain. For other companies, those questions will not apply and they will be assessed on facilities management of environmental impact.

Version 6 Scoring of the B Impact Assessment

In conjunction with the new goal structure of the B Impact Assessment, a more accessible and standardized scoring model has been developed, and the 90 point "cap" on points earned from Impact Business Models has been removed

A More Standardized Scoring Model

In previous versions of the B Impact Assessment, where different goals existed for different tracks of the assessment based on a company's size, sector, and geographic market, it was necessary to customize the scoring model for each track to accommodate those differences. This led to many different scoring permutations that increased the complexity of the assessment and limited comparability across companies. With a new, more consistent, goal structure, Version 6 created the opportunity to identify potential areas of consistency to make a more elegant, comparable, and straightforward scoring model across the different tracks of the assessment.

In Version 6, Impact Area and Goal weightings will be standardized across company sizes and geographic markets, **making the sector of the company the primary determinant of the relative materiality of the different topics featured in the BIA.** Importantly, questions within each of those areas are still customized by size and sector to make sure that performance is contextualized to a company. This approach creates a more comparable and elegant model, whereas customizing based on all factors, in addition to customized question content and weightings, significantly adds to the complexity and limits the overall comparability of the standard.

A More Elegant Scoring Model

Goals - Emerging Markets	1-9	10-999	1000+	1-9	10-999	1000+	1-9	10-999	1000+	1-9	10-999	1000+
Mission & Engagement	3	2	2	3	2	2	3	2	2	3	2	2
Corporate Accountability	3	2	2	3	2	2	3	2	2	3	2	2
Ethics	3	2	2	3	2	2	3	2	2	3	2	2
Transparency	4	3	3	4	3	3	4	3	3	4	3	3
Compensation & Wages	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3
Training & Education	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Worker Benefits	10	10	10	10	10	10	10	10	10	10	10	10
Worker Ownership	7	7	7	7	7	7	7	7	7	7	7	7
Human Rights & Labor Policy	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Job Flexibility/Corporate Culture Management & Worker Communication	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	4.2	4.2	4.2
Occupational Health & Safety	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2	2	2
Child Engagement and Giving	8	8	8	8	8	8	8	8	8	13	13	13
Diversity & Inclusion	8	8	8	8	8	8	8	8	8	13	13	13
Job Creation	8	8	8	8	8	8	8	8	8	13	13	13
Local Investment	6	6	6	6	6	6	6	6	6	8	8	8
Suppliers, Distributors & Product	13	13	13	13	13	13	13	13	13	11	11	11
Health	17	17	17	17	17	17	17	17	17	6	6	6
Land, Office, Plant	8	8	8	8	8	8	8	8	8	8	8	8
Outputs	15	15	15	15	15	15	15	15	15	6	6	6
Transportation, Distribution & Suppliers	5	5	5	5	5	5	5	5	5	6	6	6

Goals - Developed Markets	1-9	10-999	1000+	1-9	10-999	1000+	1-9	10-999	1000+	1-9	10-999	1000+
Mission & Engagement	2	3	3	2	3	3	2	3	3	4	4	4
Corporate Accountability	3.5	1.5	1.5	3.5	1.5	1.5	3.5	1.5	1.5	4	2	2
Ethics	3.5	1.5	1.5	3.5	1.5	1.5	3.5	1.5	1.5	4	2	2
Transparency	4.5	4	4	4.5	4	4	4.5	4	4	7	7	7
Compensation & Wages	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	13	13	13
Training & Education	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	3.6	3.6	3.6
Worker Benefits	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	13	13	13
Worker Ownership	6	7	7	6	7	7	6	7	7	8	8	8
Human Rights & Labor Policy	1	1	1	1	1	1	1	1	1	1	1	1
Job Flexibility/Corporate Culture Management & Worker Communication	2.4	2	2	2.4	2	2	2.4	2	2	3.7	3.7	3.7
Occupational Health & Safety	7	2.4	2	7	2.4	2	7	2.4	2	8.4	3.7	3.7
Child Engagement and Giving	7	10	10	12	10	10	12	10	10	16	13	13
Diversity & Inclusion	4	8	8	4	8	8	4	8	8	11	11	11
Job Creation	3	8	8	3	8	8	3	8	8	11	11	11
Local Investment	9	8	8	9	8	8	9	8	8	14	11	11
Suppliers, Distributors & Product	11	11	11	11	11	11	11	11	11	8	8	8
Health	17	17	17	17	17	17	17	17	17	6.5	6.5	6.5
Land, Office, Plant	8	8	8	8	8	8	8	8	8	9.5	11	11
Outputs	10	10	10	10	10	10	10	10	10	5	4	2.5
Transportation, Distribution & Suppliers	10	10	10	10	10	10	10	10	10	2.5	2.5	2.5

Goals	Manufacturing	Agriculture	Wholesale/Retail	Service w. Significant Operations	Service
Mission & Impact Management	4	4	4	4	4
Ethics & Accountability	6	6	6	6	6
Financial Security	17	17	17	17	20
Health, Wellness, & Safety	10	10	10	10	12
Career Development	5	5	5	5	8
Empowerment & Satisfaction	8	8	8	8	10
Diversity, Equity, & Inclusion	10	10	10	10	15
Civic Engagement & Giving	8	8	8	8	12
Economic Impact	10	10	10	10	15
Supply Chain Management	12	12	12	12	8
Environmental Management	10	5	10	10	7
Air & Climate	15	9	15	15	7
Water	8	7	7	7	2
Land & Life	12	24	13	13	4
Customer Stewardship	5	5	5	5	5

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Proposed V6 Scoring Model

V5 Scoring Model

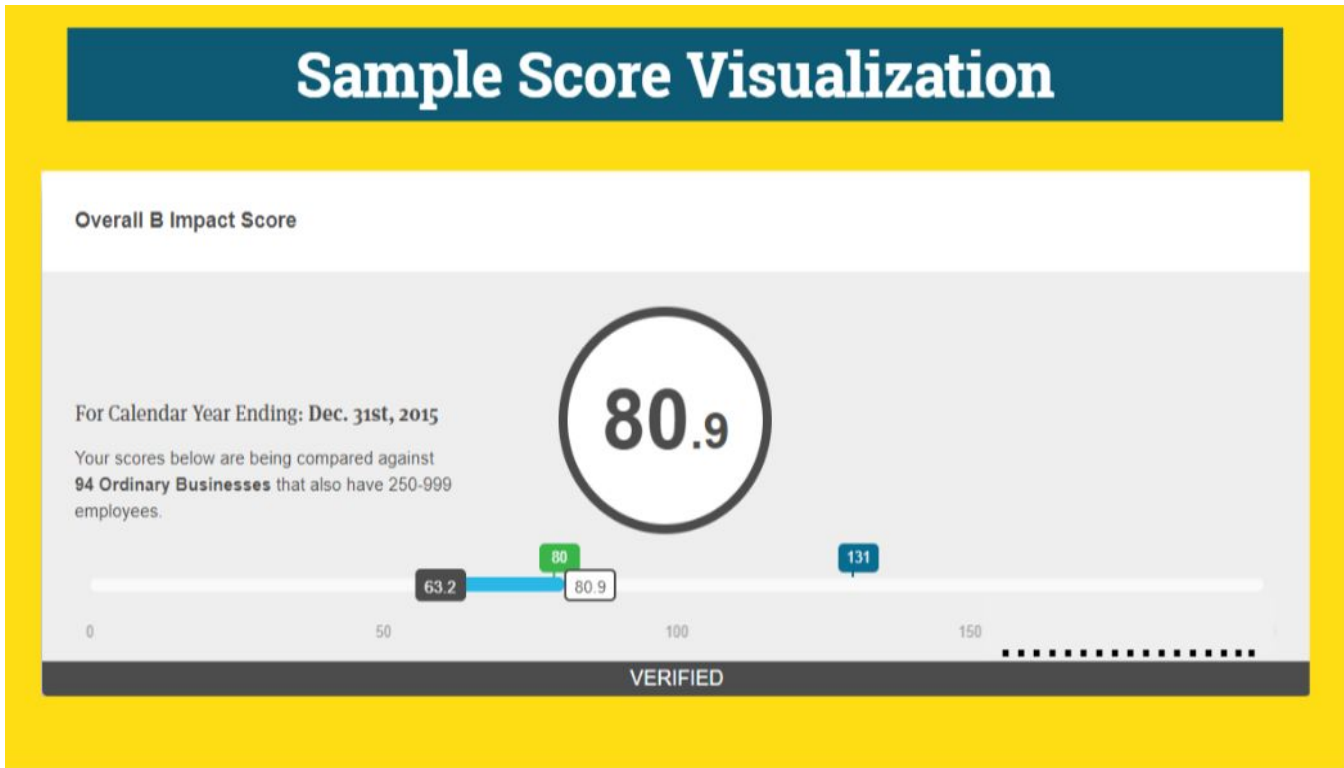
The final Version 6 Goal weightings were calculated in an effort to minimize scoring discrepancies between Version 5 and Version 6 of the BIA. Data analysis indicated that, for those questions that exist in both versions, companies would experience an average score change close to zero (-1.15% in percent of points earned). In addition, results from beta testing indicated that the new Version 6 questions were slightly more challenging than questions that had existed previously. Therefore, the average score change from Version 5 to Version 6 of the BIA is predicted to be only slightly negative.

IBM Scoring Cap and Total Points Available

In V5 the overall scoring of the B Impact Assessment was based on a 200 point scale that consisted of 140 total points available in the Operations section (available to all companies), with an additional 90 points available for companies who had above and beyond “Impact Business Models.” The final 30 points available as Impact Business Model points exceeded the 200 points available and were themselves considered additional bonus points for companies that had multiple Impact Business Models, although no company has ever earned a final score of more than 200 points on the assessment.

Unlike the points available in the Operations, which were fixed and available to all companies, there were many different types of Impact Business Models that a company could opt into. In sum, the total number of points within all different potential IBMs exceeded 90 points, but the total number of points a company can earn across them is “capped” at 90. While only a handful of companies would have earned more than 90 points without the cap, this approach to scoring created complications when communicating scores, limited the assessment’s ability to differentiate the highest performing companies, and de-incentivized impact business model improvements among those high performers.

For those reasons, in Version 6 the “90 point cap” was removed within the Impact Business Model section. With this change, the assessment is no longer out of a 200 point scale, and while it will have no practical scoring implications for almost all companies utilizing the B Impact Assessment, it has been proposed to remove the total denominator in score reports to reflect the fact that not only are there many paths to improvement, but also that the opportunity to improve one’s positive impact is ongoing and so there is no “final score” that a company should be judged against. Instead, it is more appropriate to frame a company’s performance by their total points earned, and how they compare to other appropriate benchmarks (such as the required score for B Corp Certification, qualification for “Best for the World” lists, and performance of other businesses on the B Impact Assessment).



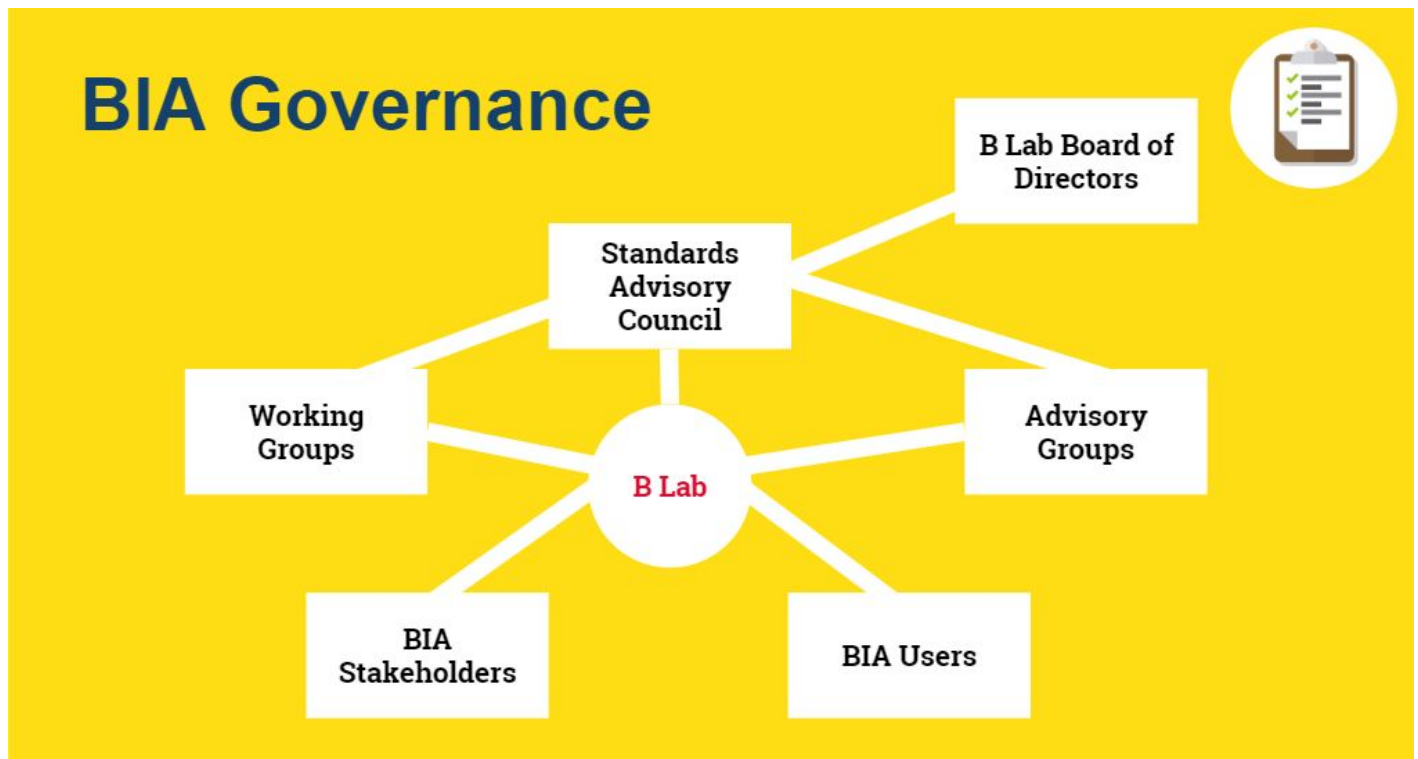
Managing Score Changes Caused by New Versions

In any circumstances, B Lab recognizes that new versions of the B Impact Assessment creates scoring implications for all of our users independent of whether their own performance has changed. B Lab has created policies to allow for cure periods for Certified B Corporations should a company's score fall below the required score of 80 without immediately losing the certification, and also has the ability to assess the score changes of companies and identify the extent to which they are caused by "standards changes" in the B Impact Assessment or "performance changes" in the company.

Overview of V6 Development Process

Since the launch of Version 5, B Lab has gathered feedback from users and stakeholders on how the B Impact Assessment can be improved, and with the support of its Regional Advisory Groups and Standards Advisory Council, developed a draft of Version 6 that has been tested, underwent public comment and approved by the SAC.

The B Impact Assessment is [independently governed by a Standards Advisory Council](#), curated by B Lab, and improved by its community of users and stakeholders. The Standards Advisory Council reviews and approves all content of the B Impact Assessment before the launch of new versions.



Feedback and Draft Development

In order to identify key areas of improvement within the B Impact Assessment, B Lab receives feedback from its users and other stakeholders through a variety of mechanisms, including the B Impact Assessment platform itself. Since the launch of Version 5, B Lab has received and reviewed more than nearly 9,000 pieces of feedback from within the B Impact Assessment platform.

To supplement the feedback from its users and stakeholders, B Lab has Regional Standards Advisory groups (Latin America, Australia, UK and East-Africa) that convene to also provide targeted feedback on the assessment in order to improve its local and global relevance.

With the support of these feedback mechanisms and governance bodies, B Lab identified priority areas to work on, and subsequently developed draft proposals for review by the Standards Advisory Council and other stakeholders.

The provisional draft of Version 6 was approved by the Standards Advisory Council for testing and feedback in June of 2018. Beginning in August, select testing of the standards began, prior to a 60 day public comment period from September 15th to November 16th.

Testing, Public Comment, and Launch

As part of the testing process, B Lab sent out 96 invitations to “Alpha Testers” to provide feedback on specific substantive changes developed for V6. Simultaneously, 22 “Beta Testers” from all the regions, completed a draft of Version 6 to inform scoring analysis and standards improvements. In addition, B Lab conducted consultations with Regional Advisory Groups to get detailed feedback on the draft relevant to their expertise and market.

During testing and public comment, B Lab received and reviewed 880 pieces of feedback that allowed to identify additional areas for further clarification and revision. ~900 companies accessed the V6 draft during public comment period. On the whole, this has been the most substantial testing and public comment period we have had for a new version, and the draft of V6 has been well received. There was general affirmation of the overall changes, and no significant overall concerns were expressed. There was however, acknowledgment of areas for ongoing improvement -either for V6 or for V7- that have yielded ~200 revisions (many minor) and that have been included in the final version. The Standards Advisory Council reviewed and approved the final version of the B Impact Assessment in December 5th and 6th 2018.

Version 6 will be launch in January 15th 2019. All new registrants to the BIA will be able to access Version 6 beginning on January 15th UTC. Current users who have been making progress (greater than 50% completion) on Version 5 and wish to finish their assessment on that version, they may do so by finalizing and submitting their assessment by April 15th UTC time. All assessments that have not yet been submitted at that time will be transitioned to Version 6.